

## CHAPTER 2 ACCOUNTANTS

54-204. Powers and duties. The Idaho state board of accountancy, in addition to the other powers and duties set forth in this chapter, shall have the following powers and duties:

(1) To adopt and amend rules in accordance with the provisions of the administrative procedure act, chapter 52, title 67, Idaho Code, governing its administration and the enforcement of this chapter and the conduct of licensees including, but not limited to:

- (a) Rules governing the board's meetings and the conduct of its business;
- (b) Rules of procedure governing the conduct of investigations and hearings by the board;
- (c) Rules specifying the education, examination and experience qualifications required for the issuance of certificates, and the continuing professional education required for renewal of licenses;
- (d) Rules of professional conduct directed to controlling the quality and probity of professional services by licensees, and dealing among other things with independence, integrity and objectivity; competence and technical standards; responsibilities to the public; and responsibilities to clients;
- (e) Rules governing the professional standards applicable to licensees;
- (f) Rules governing the manner and circumstances of use of the titles "certified public accountant" and "licensed public accountant";
- (g) Rules regarding peer reviews that may be required to be performed under the provisions of this chapter;
- (h) Rules on substantial equivalency to implement section 54-227, Idaho Code;
- (i) Rules adopting statements on standards as specified in section 54-206(3), Idaho Code, which, if the board may deem appropriate, shall be those standards developed for general application by recognized accountancy organizations such as the AICPA, as such statements are established from time to time; and
- (j) Such other rules as the board may deem necessary or appropriate to implement or administer the provisions and purposes of this chapter.

(2) To issue original certificates of qualification and licenses to practice as certified public accountants to such applicants as may be qualified by reciprocity, transfer of examination grades or by examination.

(3) To charge and collect from all applicants, certificate holders, and licensees such fees as are provided by this chapter and prescribed by rules of the board.

(4) To initiate or receive complaints, cause the same to be investigated, initiate proceedings, and conduct hearings or proceedings pursuant to chapter 2, title 54, Idaho Code. The board may designate a member, or any other person of appropriate competence, to serve as investigating officer to conduct an investigation. Upon completion of an investigation, the investigating officer shall file a report with the board. Unless dismissed by the board as unfounded or trivial, the board may proceed with disciplinary proceedings or may return the report to the investigating officer for further investigation.

- (a) In order to protect the interests of a complainant, witness, third party or defendant, the board may upon application and for good cause shown, issue a protective order, consistent with chapter 3, title 9, Idaho Code, prohibiting the disclosure of specific

information otherwise not privileged and confidential and direct that the proceedings be conducted so as to implement the order.

(b) In carrying into effect the provisions of this chapter, the board may subpoena witnesses and compel their attendance, and also may require the submission of books, papers, documents or other pertinent data; may administer oaths; may take testimony; may cooperate with the appropriate authorities in other states in investigation and enforcement concerning violations of this chapter and comparable acts of other states; and may receive evidence in any disciplinary matters or in any case wherever a violation of the provisions of this chapter is alleged. Upon failure or refusal to comply with any such order of the board, or upon failure to honor its subpoena, the board may apply to the court in the district where the witness resides to enforce compliance.

(5) To authorize by written agreement the bureau of occupational licenses as agent to act in its interest.

(6) Any action, claim or demand to recover money damages from the board or its employees which any person is legally entitled to recover as compensation for the negligent or otherwise wrongful act or omission of the board or its employees, when acting within the course and scope of their employment, shall be governed by the Idaho tort claims act, chapter 9, title 6, Idaho Code. For purposes of this subsection, the term "employees" shall include special assignment members of the board and other independent contractors while acting within the course and scope of their board related work.

(7) All hearings, investigations or proceedings conducted by the board shall be conducted in conformity with chapter 52, title 67, Idaho Code, and rules of the board adopted pursuant thereto, and, unless otherwise requested by the concerned party, be subject to disclosure according to chapter 3, title 9, Idaho Code.

54-206. Definitions. As used in this section:

(1) "AICPA" means the American institute of certified public accountants.

(2) "Applicant" means any person having the requisite qualifications who makes application to the board for examination, or for initial issuance or renewal or reinstatement of a license under the provisions of this chapter.

(3) "Attest" means providing the following financial statement services:

(a) Any audit or other engagement to be performed in accordance with the statements on auditing standards;

(b) Any review of a financial statement to be performed in accordance with the statements on standards for accounting and review services; and

(c) Any examination of prospective financial information to be performed in accordance with the statements on standards for attestation engagements.

(4) "Board" means the Idaho state board of accountancy.

(5) "Certificate" means that document issued by the board upon original approval of licensure. The original certificate does not constitute licensure and a person cannot represent himself or herself as a licensee unless a current and valid annual license has been issued by the board.

(6) "Certified public accountant" or "CPA" means any person who holds a valid, unrevoked and unsuspended license under the provisions of chapter 2, title 54, Idaho Code, or an

equivalent provision of the laws of another state designating said person as a certified public accountant.

(7) "Client" means the person or entity that agrees with a licensee or licensee's employer to receive any professional services with or without compensation and shall include all affiliates and related entities in the financial statements of an attest or compilation engagement.

(8) "Compilation" means a service performed in accordance with statements on standards for accounting and review services which presents, in the form of historical or prospective financial statements, information that is the representation of management or owners without undertaking to express any assurance on the statements. The term "compilation" does not include financial statements accompanied by the language set forth in section 54-226(3), Idaho Code, (whether used by a licensee or by a person not licensed under this chapter) so long as the financial statements are not accompanied by any other language of assurance or disclaimer.

(9) "Financial statements" means a presentation of historical or prospective financial data, which may include accompanying notes, intended to communicate an entity's economic resources or obligations at a point in time, or the changes therein for a period of time, in accordance with a comprehensive basis of accounting.

(10) "Firm" means a proprietorship, partnership, professional corporation, professional limited liability company, or any other form of professional organization permitted by Idaho law, registered under the requirements of section 54-214, Idaho Code.

(11) "Good moral character" means lack of a history of dishonest dealings or a felonious act.

(12) "License" means that authorization issued by the board upon original approval and on an annual basis permitting a qualified person to practice as a certified public accountant or licensed public accountant in the state of Idaho.

(13) "Licensed public accountant" or "LPA" means any person who holds a valid, unrevoked and unsuspended license under the provisions of chapter 2, title 54, Idaho Code, designating said person as a licensed public accountant.

(14) "Licensee" means the holder of a current valid license.

(15) "Member" means a person who has been admitted to membership in a firm which is organized as a limited liability company.

(16) "Peer review" means a board approved study, appraisal or review of one (1) or more aspects of the professional work of a licensee or firm that performs attest services or issues compilation reports, by a person or persons licensed under this chapter or by another state and who are independent of the licensee or firm being reviewed.

(17) "Permit" means a permit to practice as a firm issued under corresponding provisions of the laws of other states.

(18) "Person" means any natural living person.

(19) "Professional services" means services arising out of or related to the specialized knowledge or skills associated with certified public accountants or licensed public accountants.

(20) "Report," when used with reference to financial statements, means an opinion or other form of language that states or implies assurance as to the reliability of any financial statements and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from

the language of the report itself. The term "report" includes any form of language which disclaims an opinion when such form of language is conventionally understood to imply any positive assurance as to the reliability of the financial statements referred to or special competence on the part of the person or firm issuing such language; and it includes any other form of language that is conventionally understood to imply such assurance or special knowledge or competence.

(21) "State" means any state of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Commonwealth of the Northern Mariana Islands and Guam; except that "this state" means the state of Idaho.

(22) "Substantial equivalency" or "substantially equivalent" means a determination by the board that the education, examination and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to or exceed the education, examination and experience requirements for CPAs contained in this chapter or that an individual licensee's education, examination and experience qualifications are comparable to or exceed the education, examination and experience requirements for CPAs contained in this chapter.

54-208. Examination -- Education -- Qualifications. (1) An applicant for admission to examination as a certified public accountant shall:

- (a) Be eighteen (18) years of age or older,
  - (b) Be of good moral character,
  - (c) Be a resident, have been a resident, or intend to immediately become a resident of the state of Idaho,
  - (d) Be approved by the board for admission to the examination, and
  - (e) Provide satisfactory evidence in the form of an official transcript received directly from the school registrar indicating successful completion of a baccalaureate degree or its equivalent, the required credits and courses to be prescribed by the rules of the board.
- ~~Applicants who will complete the educational requirements within ninety (90) days of the examination may be allowed to sit for the examination provided that prior to the release of examination grades satisfactory evidence is submitted verifying that the required education was completed within ninety (90) days of the examination.~~

(2) The examination required to be passed as a condition to granting a certificate ~~shall be held at least twice each year, and~~ shall test the applicant's knowledge of the subjects of accounting and auditing, and such other related subjects as the board may specify by rule, including, but not limited to, business law and taxation. The time for holding such examination shall be determined by the board and may be changed from time to time. The board shall prescribe by rule the methods of applying for and conducting the examination, including methods for grading and determining a passing grade required of an applicant for a certificate; provided however, that the board shall endeavor to assure that the examination itself, grading of the examination, and the passing grades, are uniform with those of other states. The board may make use of all or any part of the uniform certified public accountant examination and advisory grading service of the AICPA and may contract with third parties to perform such administrative services with respect to the examination as it deems appropriate to assist it in performing its duties hereunder.

(3) The board may charge, or provide for a third party administering the examination to charge, each applicant a fee, in an amount prescribed by the board by rule.

(4) None of the education requirements specified in this section shall apply to an applicant who is a licensed public accountant pursuant to this chapter.

54-209. Experience. An applicant of good moral character who successfully passes the examination, with standards no less than those prescribed by the board's rules for examination of candidates in Idaho, and who fulfills the requirements of section 54-207, Idaho Code, shall receive a license as a certified public accountant if the applicant has completed one (1) year of experience. This experience shall include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills -- all of which have been verified by **an active** licensee, meeting requirements prescribed by the board by rule. This experience may be gained through employment in government, industry, academia or public practice.

54-210. Reciprocity -- Transfer of examination grades -- Foreign reciprocity -- Qualifications. (1) A person whose certificate and license have been granted by another state, whose principal place of business is located in this state, shall obtain a license by reciprocity from the board before providing professional services in this state.

(2) (a) An applicant for certificate and license by reciprocity to practice as a certified public accountant in Idaho must:

- (i) Be eighteen (18) years of age or older;
- (ii) Be of good moral character;
- (iii) Have obtained the education and passed the uniform CPA examination with standards no less than those required in Idaho; and
- (iv) Have completed the necessary experience, continuing professional education, and board approved ethics examination required for issuance of a license in Idaho and hold a current license in good standing in another licensing jurisdiction.

(b) The requirements of subsection (2)(a) of this section relating to education, Idaho standards relating to passage of the uniform CPA examination, experience, continuing professional education and ethics examination shall be waived if the applicant has **been licensed for** no less than four (4) years ~~experience as determined by the board, provided that the experience or its equivalent was obtained after original licensure~~ as a certified public accountant **and** within the ten (10) years immediately preceding the reciprocity application.

(3) (a) A person holding an inactive or retired certificate and license granted by another state, whose principal place of business is located in this state, may apply for an equivalent license by reciprocity from the board, provided the applicant must:

- (i) Meet the requirements for an inactive license as set forth in section 54-211(1)(c), Idaho Code, or the requirements for a retired license as set forth in section 54-211(1)(d), Idaho Code;
- (ii) Be of good moral character;

- (iii) Have obtained the education and passed the uniform CPA examination with standards no less than those required in Idaho; and
- (iv) Have completed the necessary experience and board approved ethics examination required for issuance of a license in Idaho.

(b) The requirements of subsection (3)(a) of this section relating to education, Idaho standards relating to passage of the uniform CPA examination, experience and ethics examination shall be waived if the applicant has been licensed for no less than four (4) years ~~experience as determined by the board, provided that the experience or its equivalent was obtained after original licensure~~ as a certified public accountant ~~and~~ within the ten (10) years immediately preceding the reciprocity application.

(4) An applicant for certificate and license to practice as a certified public accountant in Idaho by transfer of examination grades from another licensing jurisdiction must:

- (a) Be eighteen (18) years of age or older;
  - (b) Be of good moral character;
  - (c) Have obtained the necessary education and have passed the uniform CPA examination with standards no less than those prescribed by the board's rules for examination candidates in Idaho; and
  - (d) Possess experience qualifications as required under section 54-209, Idaho Code, and complete a board approved ethics examination required for issuance of a license in Idaho.
- (5) The board shall issue a certificate and license to a holder of a substantially equivalent designation issued by a foreign country, provided that:

- (a) The foreign authority which granted the designation makes similar provision to allow a person who holds a valid certificate and license issued by this state to obtain such foreign authority's comparable designation; and
- (b) The designation:
  - (i) Was duly issued by an authority of a foreign country which regulates the practice of public accountancy and has not expired or been revoked or suspended;
  - (ii) Entitles the holder to issue reports upon financial statements; and
  - (iii) Was issued upon the basis of substantially equivalent educational, examination and experience requirements established by the foreign authority or by law; and
- (c) The applicant:
  - (i) Received the designation, based on educational and examination standards substantially equivalent to those in effect in this state, at the time the foreign designation was granted;
  - (ii) Completed an experience requirement, substantially equivalent to the requirements set out in this chapter, in the jurisdiction which granted the foreign designation or has completed four (4) years of professional experience in this state; or meets equivalent requirements prescribed by the board by rule, within the ten (10) years immediately preceding the application;
  - (iii) Passed a uniform qualifying examination in national standards acceptable to the board; and
  - (iv) Is of good moral character.



54-211. Licenses -- Licensing period -- NonRenewal -- Reinstatement -- Inactive licenses -- Retirement -- Fees. (1) The board shall issue initial certificates and licenses, and renewal and reinstatement licenses to practice as a certified public accountant, and renewal and reinstatement licenses to practice as a licensed public accountant to persons who have qualified therefor in accordance with the provisions of this chapter and the rules of the board. A certificate and license, once issued, shall continue in effect so long as the holder thereof complies with the provisions of this chapter and the rules and orders of the board.

(a) Initial. The board shall collect an initial license fee upon board approval of an initial license to practice as a certified public accountant in the state of Idaho as set forth in section 54-212, Idaho Code, and as prescribed by the rules of the board. Those individuals meeting the requirements for initial licensure in Idaho, pursuant to the provisions of this chapter and the rules of the board, shall be issued a license effective for no more than twelve (12) months. The license shall then be subject to annual renewal.

(b) Renewal. The board shall collect an annual license fee from all licensees each year as set forth in section 54-212, Idaho Code, and as prescribed by the rules of the board. Those persons meeting the requirements of this subsection for license renewal shall be issued a license effective for a period of one (1) year after its issuance. Requirements include:

(i) Good moral character;

(ii) Completion of continuing professional education as specified by the board's rules;

(iii) Identification, in the renewal application, of the firm with which the licensee is affiliated; and

(iv) Where applicable, verification of satisfactory completion of a peer review program by the firm with which the licensee is affiliated, pursuant to section 54-214, Idaho Code, and the rules prescribed by the board. Any licensee who issues compilation reports for the public other than through a firm must undergo no more frequently than once every three (3) years, a peer review conducted in accordance with rules prescribed by the board, and such review shall include verification that such licensee has met the competency requirements set out in professional standards for such service.

(c) Inactive status. Any licensee in current compliance with the provisions of this chapter who chooses not to perform or offer to perform for the public one (1) or more kinds of attest or compilation services may apply to place his or her license in inactive status. The annual renewal fee for inactive status shall be as set forth in section 54-212, Idaho Code, and as prescribed by the rules of the board. Licensees with inactive status must place the word "inactive" adjacent to their CPA or LPA title on any business card, letterhead or any other document or device when using the title, with the exception of their certificate on which their title appears.

(d) Retired. After a person reaches the age of ~~sixty-five~~ **sixty-five** (6055) years, or in the event of a disability preventing continued practice, the certificate of a certified public accountant or licensed public accountant, upon application to the board by the holder, may be placed by the board in retired status. Retired status shall allow the holder to retain the wall certificate and remain on the board's mailing list. The annual renewal fee for retired status shall be as set forth in section 54-212, Idaho Code, and as prescribed by the rules of the board. Licensees with retired status must place the word "retired" adjacent to their CPA or LPA title on any business card, letterhead or any other document or device when using the title, with the exception of their certificate on which their title appears.

An individual who performs or offers to perform for the public attest or compilation services shall not qualify for retired status.

(e) Nonrenewal. A licensee may place the license into lapsed status as prescribed by the rules of the board rather than renew the license. Any license not renewed or placed into lapsed status within thirty (30) days after the expiration of the previous license shall be automatically placed into lapsed status.

(f) Reinstatement. Any certificate and license placed in lapsed status may be reinstated upon completion of an application supplied by the board along with payment of a reinstatement fee as set forth in section 54-212, Idaho Code, and as prescribed by the rules of the board. In addition, the board shall require the applicant to meet the qualifications of subsection (b) of this section. Reinstatement following involuntary suspension shall be governed by the terms of the board's order of involuntary suspension.

(g) Reentry. A license in inactive or retired status may reenter active status upon completion of an application supplied by the board along with payment of a reentry fee as prescribed by the rules of the board. In addition, the board shall require the applicant to meet the qualifications set forth in subsection (1)(b) of this section.

(2) Applicants for initial issuance or reinstatement of licenses under this section shall in their application list all states in which they have applied for or hold a license and list any past disciplinary action against or denial, revocation or suspension of a certificate, license or permit.

(3) Applicants and licensees shall notify the board in writing, within thirty (30) days after its occurrence of:

(a) Any charges or convictions of, or guilty pleas to, a felony; or

(b) Any disciplinary action against or the denial, restriction, revocation or suspension of a certificate, license or permit by another state or by any federal agency.

54-212. General fees. The board, as prescribed by its rules, may charge an amount not to exceed:

(1) One thousand dollars (\$1,000) for examination.

(2) Three hundred dollars (\$300) for licensure application or license renewal.

(3) Twenty-five dollars (\$25.00) for any certificate, original or replacement, to be issued as herein provided.

(4) Fifty dollars (\$50.00) for administrative services, including, but not limited to, mailing lists and release of information to other boards for purposes of licensure.

(5) One hundred dollars (\$100) for retired or inactive status licenses.

(6) Five hundred dollars (\$500) for license reinstatement.

(7) Three hundred dollars (\$300) for late fees, including late filing of the annual license renewal.

(8) Three hundred dollars (\$300) for late fees, including late filing of the continuing professional education report.

(9) Two hundred dollars (\$200) for firm registration.

~~(10) Fifty dollars (\$50.00) for notification of intent to enter the state pursuant to section 54-227, Idaho Code.~~



54-213. Grandfather clause. Individuals who, on July 1, 2002~~8~~, hold certified public accountant and licensed public accountant licenses heretofore issued under the laws of this state, shall, for all purposes, be considered licensees under this chapter and subject to the provisions thereof.

54-214. Firm registration -- Peer review. (1) The board shall register firms that make application and demonstrate their qualifications therefor in accordance with the following subsections of this section or to firms originally licensed in another state that establish an office in this state. A firm must be registered with the board in order to provide attest services or compilation reports or in order to use the titles "CPAs," "CPA firm," "LPAs" or "LPA firm." Firms must register with the board annually on such form and between such dates as the board may specify by rule. The board may charge a fee for each registration for initial issuance or renewal of a registration under this section as set forth in section 54-212, Idaho Code, and as prescribed by the rules of the board.

(2) An applicant for initial registration or renewal of a registration to practice under this section shall demonstrate that:

(a) Notwithstanding any other provision of law, a simple majority of the beneficial ownership of the firm belongs to holders of a certificate who are licensed in some state, and such partners, officers, shareholders, members or managers, whose principal place of business is in this state, and who perform professional services in this state, hold a valid certificate and license issued by this state. Although a firm may include nonlicensee owners the firm and its ownership must comply with rules promulgated by the board.

(b) Any firm may include nonlicensee owners provided that:

(i) The firm designates a licensee of this state, who is responsible for the proper registration of the firm and identifies that individual to the board.

(ii) All nonlicensees are active individual participants in the firm or affiliated entities.

(iii) The firm complies with such other requirements as the board may impose by rule.

(c) Any licensee who is responsible for supervising attest services or compilation reports or who signs or authorizes someone to sign a report on financial statements on behalf of the firm, shall meet the competency requirements of the professional standards for such services.

(3) Firms registered to practice under this section shall be required to register each office of the firm within this state with the board and to show that all attest and compilation reports rendered in this state are under the charge of a person holding a valid certificate and license issued by this state or some other state.

(4) A firm registering under this section shall list all states in which it has applied for or holds permits as a firm and list any past denial, revocation or suspension of a permit by any other state. Each firm registered under this section shall notify the board in writing, within thirty (30) days following any change in the identities of partners, officers, shareholders or members whose principal place of business is in this state, any change in the number or location of offices within this state, any change in the identity of the persons in charge of such offices, and any issuance, denial, revocation or suspension of a permit by any other state.

(5) Firms which fall out of compliance with the provisions of this section due to changes in firm ownership or personnel, after registration, shall take corrective action to bring the firm back into compliance as quickly as possible. The board may grant a reasonable period of time for a firm to take such corrective action. Failure to bring the firm back into compliance within a reasonable period as defined by the board may result in penalties as prescribed by board rule.

(6) As a condition of registration renewal under this section, the board, by rule, shall require firms to comply with peer review requirements as specified by rule. Such review shall include a verification that individuals in the firm who are responsible for supervising attest and compilation reports and who sign or authorize someone to sign a report on financial statements on the behalf of the firm meet the competency requirements set out in the professional standards for such services. The rules concerning peer review shall require:

(a) Peer reviews to be subject to oversight by an oversight body established by board rule which will periodically report to the board on the effectiveness of the review program under its charge, and provide to the board a listing of firms that have participated in a peer review program that is satisfactory to the board; and

(b) ~~The peer review processes to be operated and documents maintained in a manner designed to preserve confidentiality, and that neither the board nor any third party, other than the oversight body, shall have access to documents furnished or generated in the course of the review. The confidentiality of client records involved in the peer review process shall be preserved in accordance with the accountancy rules.~~

~~(7) Information discovered solely as a result of a firm's peer review shall not be grounds for suspension or revocation of a license.~~

54-227. Substantial equivalency. (1) A person whose principal place of business is not in this state and who has an active certificate and license as a certified public accountant from any state which the board has determined to be substantially equivalent to this chapter shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license. ~~However, such persons shall notify the board of their intent to enter the state under this provision. The board may charge a fee for such notification as set forth in section 54-212, Idaho Code, and as prescribed by rules of the board.~~

(2) A person whose principal place of business is not in this state and who has an active certificate and license as a certified public accountant from any state which the board has not determined to be substantially equivalent to this chapter shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license only if such person demonstrates that his or her qualifications are substantially equivalent to the licensure requirements of this chapter. The requirement to demonstrate substantially equivalent qualifications shall be waived if the applicant has ~~been licensed for~~ no less than four (4) years' ~~experience as determined by the board, provided that the experience or its equivalent was obtained after original licensure as a certified public accountant and within the previous~~ ten (10) years, ~~immediately preceding the practice privilege application.~~ Such persons shall notify the board of their intent to enter the state under this provision in the manner provided by rules of the board. ~~The board may charge a fee~~

~~for such notification as set forth in section 54-212, Idaho Code, and as prescribed by rules of the board.~~

(3) Licensees of other states exercising the privilege afforded under this section hereby consent, as a condition of the grant of this privilege:

(a) To the personal and subject matter jurisdiction and disciplinary authority of the board;

(b) To comply with this chapter and the board's rules; and

(c) To the appointment of the state boards which issued their licenses as their agents upon whom process may be served in any action or proceeding by this state's board against such licensees.

(4) A licensee of this state offering or rendering services or using the CPA title in another state shall be subject to disciplinary action in this state for an act committed in another state for which the licensee would be subject to discipline for an act committed in another state. Notwithstanding the board's enforcement authority granted by this chapter, the board shall investigate any complaint made by the board of accountancy of another state.